

**United States Environmental Protection Agency
Criminal Investigation Division
Investigative Activity Report**

Case Number

0506-0026

Case Title:

Ferguson Enterprises Inc.

Reporting Office:

Detroit, MI, Resident Office

Subject of Report:

Interview of [REDACTED] Detroit Department of BS&E.

Activity Date:

December 16, 2008

Copies to:

Related Files:

Reporting Official and Date:

[REDACTED] RAC
19-DEC-2008

Approving Official and Date:

[REDACTED] SAC
08-JAN-2009
Approved by: [REDACTED] SAC

SYNOPSIS

12/16/2008 - U.S. EPA CID SA [REDACTED] FBI SA [REDACTED] and FBI SA [REDACTED] interviewed [REDACTED] Inspector, City of Detroit Department of Building Safety and Engineering (BS&E). regarding [REDACTED] knowledge of an emergency demolition order issued to Systematic Recycling, [REDACTED] interactions with [REDACTED] Director of Detroit's BS&E, and [REDACTED] knowledge of the demolition of the Temple Towers apartment building by Ferguson Enterprises.

DETAILS

On December 16, 2008, U.S. EPA CID SA [REDACTED] FBI SA [REDACTED] and FBI SA [REDACTED] interviewed [REDACTED] Inspector, City of Detroit Department of Building Safety and Engineering (BS&E). [REDACTED] resides at [REDACTED] Detroit, Michigan; telephone: [REDACTED]; DOB: [REDACTED]. After being informed of the identity of the interviewing agents and the purpose of the interview, [REDACTED] provided the following information:

[REDACTED] has been employed with the BS&E for the last twenty five years. For twenty two years [REDACTED] was the Manager of the Permits Division but has been demoted by current BS&E Director [REDACTED]. [REDACTED] has twice attempted to fire [REDACTED] but was unsuccessful. [REDACTED] believes that [REDACTED] has attempted to have [REDACTED]

[REDACTED] explained that representatives from Systematic Recycling went in front of the Board of Zoning Appeals in 2006 to request a variance to the city ordinance. The variance was approved and a grant was issued to

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Systematic which contained conditions the facility was required to meet in order to allow them to seek and obtain a certificate of occupancy. [REDACTED] recently sent another inspector to look at the Systematic Recycling facility located at 9125 West Jefferson, Detroit. This inspector, who does not want to go on record regarding the recent inspection, told [REDACTED] that the facility was not in compliance with some of the conditions of the grant.

[REDACTED] provided the agents with a facility diagram, printouts from the BS&E database, and the grant. [REDACTED] obtained these documents from the BS&E files. The facility diagram was submitted to the city to establish the areas which were to be used as a compost recycling facility by Systematic. [REDACTED] pointed out that the facility was issued a temporary certificate of occupancy in January of 2007, which was good for thirty days. According to the BS&E database records, Systematic was issued a final certificate of occupancy in April of 2007 after a final inspection was conducted. [REDACTED] noted to the agents that the database printout states the findings of the final inspection to be "finished and complete." (See Attachments)

[REDACTED] was aware that an emergency demolition order was issued by [REDACTED] for the Systematic facility as well. [REDACTED] saw photographs of the building which did have some damage although not what [REDACTED] considers as a building inspector to be enough to constitute an emergency. [REDACTED] commented that the damage to the building looked as if someone had hit it with heavy equipment to make it look like an emergency. [REDACTED] added that this was a common practice in the city especially by Ferguson Enterprises. The emergency order was originally issued for one building, but in the BS&E system it looks like someone changed it to apply to three buildings. [REDACTED] is aware that there are still two buildings on the site with the third having been demolished. According to [REDACTED] there are no records of inspections in the BS&E database for the demolition activities.

[REDACTED] was not sure of the month, but recalled that on either the 23rd or 25th of that month a BS&E inspector took the photos of the damaged building and the emergency demolition order was issued on the 27th. On the 4th of the next month the demolition contractor pulled the permit for the site. [REDACTED] stated that this process normally does not happen that fast.

[REDACTED] confirmed that [REDACTED] is the only one within BS&E who has the authority to issue an emergency demolition order for the City of Detroit.

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████ explained how █████ has appointed a number of friends and family members to city positions within the BS&E, including promoting a secretary to a Zoning Coordinator position over another more qualified candidate. The other candidate had been an inspector for a number of years and held an electrical engineering degree. The secretary did not possess such qualifications yet █████ was given the job. The inspector was issued a letter stating that █████ was not qualified for the position and no interviews were conducted for the position.

████ characterized █████ a BS&E employee, as a main fundraiser for █████. During the █████ Administration █████ gave █████ a Chief title and a raise. █████ described how █████ will allow certain employees, including █████ to work from home or not come into the office, and it is during these times that █████ believes the employees are raising funds for █████ campaign. █████ is aware of instances where employees drove to the offices of certain demolition contractors to ask for campaign contributions or purchase tickets to a █████ fundraiser.

BS&E has a set of ten or eleven demolition companies which were awarded contracts. These contracts are for a set amount of money and are to expire every year. However the contracts have been extended by BS&E for a number of years instead of being re-bid. Once the contractors run out of money on the contract they can come back to BS&E to request additional funding. Ferguson Enterprises and ABC are two of the companies which were awarded demolition contracts. █████ agreed to provide the agents with a list of the demolition contractors at a later date. SA █████ asked █████ if it was true that Ferguson Enterprises has the reputation of inflating the square foot prices for demolitions. █████ replied that █████ had heard this rumor but that █████ another BS&E employee, would know more about that issue.

A few months ago, just before █████ left office, █████ gave two demolition jobs to █████ which had been originally awarded to ABC. The sites were located on East Outer Drive. ABC still had \$90,000 left on their contract amount at the time. The two demolition jobs put █████ over their contract amount as each of the sites cost \$300,000. These sites were not emergency demolitions. █████ told █████ that after the demolitions were given to █████ █████ noticed that someone had accessed the database used to track the monies allotted to each contractor and increased the contract amount for █████. A few days later someone once again accessed the database and increased the dollar amount for all of

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the other contractors.

██████████ created an emergency demolition at a site located at Shoemaker and St. Jean but hitting the building with heavy equipment in order to access the steel in the structure. ██████████ characterized this as a common practice to take the steel from a building and then have it declared an emergency demolition.

██████████ is another BS&E employee who is known to collect money for ██████████. ██████████ is what is known as an "expeditor" in the department and ██████████ used to hold this title too under the Archer Administration. An expeditor runs the expedited demolitions for BS&E. ██████████ often comes to the Dangerous Building Office and tell the staff that "the boss wants this to be an emergency" meaning an emergency demolition.

The current Demolition Manager of BS&E is ██████████ (sic) who replaced ██████████ when ██████████ retired. ██████████ was previously employed by the General Services Department and became the Demolition Manager at the same time that ██████████ ██████████ ██████████ went to work for General Services. ██████████ feels that this was in essence a "swap." ██████████ openly solicits for campaign contributions during work hours. Prior to ██████████ retirement, ██████████ agreed to come back as a contractor in order to train ██████████ replacement.

In 2003, the city contracted with Waldrige to assess properties in the city for possible demolition. Waldrige was paid \$150,000 to complete this assessment, and after being awarded the contract hired ██████████ as an employee. ██████████ told ██████████ that at a minimum it looked bad to have ██████████ relative employed by a contractor. Not long after the contract was awarded ██████████ went to work for the General Services Department.

██████████ came to work at the BS&E from DPW when the two departments were merged. ██████████ is the supervisor of the building inspectors which includes overseeing asbestos abatement activities in the city. According to the union contract ██████████ is not supposed to conduct inspections ██████████ but can accompany an inspector. ██████████ is a Deputy with BS&E and is also involved in the emergency demolition process. ██████████ is a 25 year employee of BS&E. ██████████ ██████████ ██████████ owns approximately 2000 properties within the city, many of which ██████████ suspects ██████████ learned of through ██████████ access to city files.

The normal procedure for obtaining an emergency demolition order is for

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an asbestos abatement company to contact the BS&E and tell them a structure is too dangerous to allow abatement to occur. A BS&E inspector is sent out to the site to verify the condition of the structure. If the inspector agrees that the structure is unsafe an emergency demolition order is issued by BS&E, bypassing City Council. City Council is sent a notice alerting them that an order has been issued. The number of emergency orders issued under [REDACTED] administration is much higher than under [REDACTED] predecessor. Some of the orders were necessary while others were not. [REDACTED] is aware of contractors putting holes in perfectly good buildings in order to have them declared emergency demolitions. [REDACTED] is not sure how much the demolition contractor gains from having it declared an emergency other than the demolition can occur sooner than if a non emergency demolition. [REDACTED] commented that the developer of a site stands to gain the most from having it declared an emergency demolition.

[REDACTED] was asked what [REDACTED] knew about the demolition of the Temple Towers building. [REDACTED] recalled that it was declared an emergency demolition even though it wasn't in imminent danger of collapse and was a structurally intact building. [REDACTED] had not heard that Superbowl officials were concerned about the building's appearance.

The city has a Wrecking Board which reviews applications from contractors seeking a demolition license. [REDACTED] used to sit on the Wrecking Board but no longer does. [REDACTED] is known as someone who does not play along with the [REDACTED] Administration and thus has not been awarded many contracts. [REDACTED] appointed two [REDACTED] associates to the board; FNU [REDACTED] and a [REDACTED] [REDACTED]. SA [REDACTED] asked [REDACTED] how it was that [REDACTED] continued to receive demolition contracts when [REDACTED] did not have a valid State of Michigan license. [REDACTED] explained that once a contractor is approved by the Wrecking Board they do not go back and check the status of their licenses.

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